EXHIBIT 2
DATE 4/2/09
SB 234

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Autism is a medical condition, brought on through no fault of family. Diagnosed by a medical doctor. Treatment prescribed by medical doctor.

"Autism" is actually an imprecise term: some people use it interchangeably with "autism spectrum disorder" and others use it to mean one of the ASDs. In fact, there are three distinct diagnoses within the family of autism spectrum disorders. (See chart of diagnoses.) The umbrella diagnostic category is called Pervasive Developmental Disorder. Within that umbrella category are 3 conditions known as ASDs: Autistic Disorder (or "classic autism"), Asperger's Syndrome, and PDD-NOS. Across the spectrum, people vary greatly in terms of type and severity of deficits. Interestingly, 4 times more common in boys than in girls.

Although there is no known cure for autism, it can be treated so that the symptoms are not disabling. A non-verbal child can gain the ability to communicate; a non-social child can gain interaction skills. So, while they're not cured, they can overcome the disabling aspects of the condition.

The most commonly-prescribed treatment protocol involves a therapy called "Applied Behavior Analysis," or ABA. This is a therapy that has been used for many decades to treat autism, and yet the insurance industry continues to deny coverage for ABA therapy, often on the basis that it is "experimental." That self-serving conclusion is simply not supported by the science, and the Surgeon General, the National Research Council, and the AAP all have endorsed ABA. (Show sample coverage positions of CIGNA & BCBS, which show blanket exclusion of ABA therapy.)

Studies show that, if ABA therapy is administered intensively and by properly-trained therapists, approximately half of the treated kids will "overcome" their autistic characteristics to such an extent that they can enter 1st grade indistinguishable from their peers. And the other half make significant gains, too, such that they need less support for the rest of their lives. (Lovaas, UCLA 1987)

As I mentioned, though, ABA must be administered intensively, often 40 hours/week. And this, of course, makes it expensive. My own son's autism is very severe, and his therapy has cost us, out-of-pocket $75,000 per year. (Because of this extraordinary medical expenses, we've been audited on our taxes 3 times.) Most kids don't require anything close to this much therapy, but the few, truly severe kids do. Fortunately, my husband and I are blessed with good jobs, and we were able to sacrifice to afford the therapy for our son. But how many Montana families do you know that have that kind of money to sacrifice? Or even half that much? Most don't, and most of those children are going untreated. It's sad that in the USA, we know of a treatment that works, and yet we have kids who can't get the treatment they need because their parents aren't wealthy. And it's not only sad; it's unfair, given that these families are paying premiums every month to cover their kids. These are families who are doing the right thing, by buying insurance for their families to insure against exactly this kind of unforeseen & unprovoked medical disaster.

A 2006 study from the Harvard School of Public Health found that if a child with autism is not properly treated, the societal cost for that one child over their lifetime is $3.2 million. (Ganz 2006). In addition, a 1998 study for the state of Pennsylvania projected an actual direct cost savings to the state of over a million dollars per child. (Jacobson, Green 1998). Do the math: approximately 1 in 150 Montana kids diagnosed; only the wealthy few get treatment; and multiply each remaining child by over a million dollars. That's how much Montana taxpayers will shell out if these kids don't get treatment. Lest you think, "We'll just handle these people in our budget the same way we've always handled it, think again. Just 10 years ago, the prevalence rate of autism was less than 1 in 1,000. Today, it is 1 in 150. Scientists

don't know the exact reason(s) for the increase, but we all understand the ramifications. There's a huge autism tsunami coming, and it is going to cost the state an extraordinary amount of money in special education and adult care if the current generation of kids does not get the treatment they need. Without private insurance playing its part, the treatment is simply not going to happen.

Faced with this reality, other states – 8, to be specific – now require insurers to play their part. (See red tab.) Seven states have passed this legislation, or something very similar, in the past 2 years:

South Carolina (2007)
Texas (2007)
Arizona (2008)
Louisiana (2008)
Pennsylvania (2008)
Florida (2008)
Illinois (2008)
New Mexico (2009 - awaiting signature)

Indiana passed a similar bill 8 years ago – in 2001 – the same year the Attorney General in Minnesota entered into a settlement agreement with that state's major insurer (BCBS) to require coverage for autism, including coverage of Applied Behavior Analysis therapy. And many other states are considering similar legislation right now. Missouri, Arkansas, and Minnesota have all passed committee and/or floor in past few weeks, and New Mexico's bill is awaiting the governor's signature.

One of the reasons I'm here today is because I worked on the legislation in South Carolina that started the recent movement toward coverage, and I've seen it successfully implemented. Children who have never before been able to receive treatment are making remarkable progress. Providers have joined adequate networks of participating providers and negotiated satisfactory reimbursement rates. And I can tell you, despite the doomsday predictions from the insurance lobby that we've heard in state after state, none of our insurers have left the state and no businesses have thrown in the towel because of this benefit. Indeed, the impact on premiums has been negligible. In Indiana, the DOI called the financial impact "unmeasurable" even years after the coverage became effective.

The insurance industry's own association – the Council for Affordable Health Insurance – estimates that mandated autism benefits increase premium costs by LESS than 1%. (See CAHI chart)

Autism Speaks contracted with independent actuarial firm, Oliver Wyman, to conduct a cost analysis specifically for Montana. The independent actuary also arrived at less than 1%. $1.82 per month (with 15% admin) or $1.54 (without).

The insurance industry is going around saying this will increase premiums 2-3%, and telling you that 5500 people will lose insurance for every 1% that premiums increase. Before you fall for that, I ask you to hold insurance industry's feet to the fire on this prediction of a devastating premium increase. Have they shown you the math they used to come up with a 2-3% prediction? Where's the study? You've got a 20-page document that shows our independent actuary's math and arrives at less than $2/month. Better yet, why doesn't the insurance industry show you actual claims data? Insurance companies in Indiana and Minnesota have been tracking this data for 8 years, and they know exactly how much it costs to fully cover autism. Do you wonder why the insurance industry hasn't produced that claims data for you to examine???

Fiscal note –

Only 1/3 of Autism Spectrum Disorder is autistic disorder
Only a small fraction of those will need or be prescribed the maximum amount of therapy.
Average age of diagnosis?
Child's progress - only in rare cases does therapy extend beyond 2 or 3 years
Experience shows utilization projection (20-40%)

In states where this law has passed, the overall impact on the economy has been positive, particularly in terms of job creation. Thousands of people have been trained and are now working full-time as therapists with children with autism.

Question #1 Don't the schools provide this therapy? Or shouldn't the schools provide it?

Autism is a medical condition that is diagnosed by a medical doctor, not by a school principal. It is not a learning disability.

Federal law – the Individuals with Disabilities Education Act (IDEA) – does not charge the schools with ameliorating a child's medical condition; it charges the schools with providing the child a meaningful education.

Under IDEA, schools must accommodate disabilities in the course of educating children, but schools do not, cannot, and should not be tasked with treating the disabling condition.

For example, Schools accommodate a child with diabetes by allowing the child to receive insulin injections at school, so that the child can function and thus learn. But, just as society does not rely on schools to pay for the insulin, nor should we put the burden on schools to pay for the treatment a child with autism needs in order to function in a school setting.

Don't be confused by the fact that some of our teachers, in our best districts, use some of the same behavioral principles in a school setting that ABA therapists use at home or in a clinic; this does not magically render ABA therapy exempt from insurance coverage.

Further, even to the extent that a school district does have plentiful resources, allowing the district to employ a one-on-one trained therapist for each child with autism and a Board Certified Behavior Analyst to supervise in each district, the school therapists would only work on educational goals for the child. Children with autism still would need additional therapy in the home to acquire skills such a potty-training, dressing, use of utensils, toothbrushing, bathing, and other daily living skills that other children acquire naturally through imitation.

Calling ABA "educational" and thus not subject to insurance coverage is just another ploy to get out of paying for it. First it was covered because it was experimental; now it's not covered because it's educational. And yet, TriCare, the Department of Defense health insurance plan for military, has been covering Applied Behavior Analysis for years.

AAP report –

1 – Read the whole thing.

2 – In the list of "educational treatments," speech therapy and occupational therapy appear. Does that mean insurance should no longer cover them?

Question #2 Well, how about Medicaid?

Some states have attempted to handle this issue by creating autism-specific Medicaid waivers that cover ABA. Two problems with this approach, one practical and one philosophical.

1- Not enough funding. State must fund, and even with federal match, no state has been able to pour enough money into a waiver program to serve all of the kids with autism. Very long waiting lists, during which opportunity for maximum "recovery" disappears.

2- Socialized medicine

Question #3: Don't some insurers already cover autism?

Even to the extent that insurance policies currently cover autism, they do not cover the treatment that is most effective and most commonly-prescribed for autism. Perhaps there is no blanket exclusion in the policy for autism, but there are exclusions for behavioral therapy, for habilitative treatment, or any number of other things that make the treatment unavailable. Some insurers have specific written policy statements stating that ABA will not be covered. (See Cigna & BCBS coverage positions).

Cancer/chemo analogy.

#4: I don't believe in telling insurance companies what they must cover.

Private contract between private parties.

I felt same way 5 years ago. But I've learned a lot in those 5 years. I've learned that the theories I studied in law school about market failure due to unequal bargaining power are true and real. This is a classic case of market failure. The industry has proven that it is not going to step up to the plate and do the right thing, thereby forcing your hand. And you know, granted they are contracts between private parties, but we as a society have already determined that we believe in some degree of interference in these particular contracts. If we didn't, we wouldn't need a DOI. The state regulates insurance affairs, and, because the insurance industry refuses to update its coverage positions to align with current science, the state should step in here.

#5: Why should we single out this one disease for coverage?

What other disease do you know of that insurance purports to cover but doesn't cover the single most effective, accepted, and commonly prescribed treatment for? Name another disease for which we know of a treatment that undeniably works and that is evidence-based, but insurance won't cover that particular treatment.

Some insurers claim that the autism community is seeking special treatment by asking to have a particular treatment covered. They say we're seeking special treatment because ABA is not covered for any other diagnoses. Actually, we are seeking equal treatment. All we are asking is that insurance cover the standard treatment protocol for this condition. Would we tell breast cancer patients they were seeking special treatment if they asked to have masectomies covered? Would the insurance industry refuse to cover that particular treatment because they don't cover it for any other disease? Of course not. Equal treatment means covering for each disease the standard treatment protocol for that disease.

#6: This law would not be very effective because only a small percentage of Montana residents would be subject to its terms

The fact that many Montana residents are governed by ERISA plans or other plans that are subject to federal, not state, regulation is not a reason to not help the residents you can reach. If you saw a sinking boat with 10 people on board on the verge on drowning, and you had 3 life jackets, would you toss the 3 life jackets, or would you hold onto them because you didn't have 10?

Effect on ERISA plans; many self-insured employers follow suit.

Further, if some coverage exists within the state, parents of autistic children can change jobs to find coverage. If none exists, they cannot.

#7: Because there's no license for behavior analysts, we'd be forced to cover just anyone.

There is a well-established, national certification for behavior analysts that has already been accepted by states, by the military insurance (TRICARE), and by insurers who operate in states where this law has been passed. In those states, insurers have been able to limit payments only to board-certified providers (or equivalent), and the lower-level therapists who lack certification are paid through the board-certified provider. The requirements for board certification are extremely stringent and there are continuing education requirements. Many insurers have already examined these requirements and satisfied themselves that it is an appropriate credential for payment. (Show BCBS implementation documents from South Carolina).

#8: Why aren't other therapies specifically included in the bill?

This bill is written in such a way as to encompass evidence-based treatment. It is not meant to favor one brand over another, but at present, Applied Behavior Analysis (ABA) is the only treatment of its kind that is empirically validated. We do not question the judgment of parents who use or try other types of treatments; I've tried others with my own son. But we didn't think it was fair to ask insurance to cover treatments which are not yet validated with peer-reviewed research.

As to Floortime specifically (also known as DIR), we simply defer to the report of the American Academy of Pediatrics, which states:

"Published evidence of the efficacy of the DIR model is limited to an unblinded review of case records (with significant methodologic flaws, including inadequate documentation of the intervention, comparison to a suboptimal control group, and lack of documentation of treatment integrity and how outcomes were assessed by informal procedures) and a descriptive follow-up study of a small subset (8%) of the original group of patients."

Further, Floortime is often administered by parents, and we cannot ask insurers to reimburse parents for therapy.

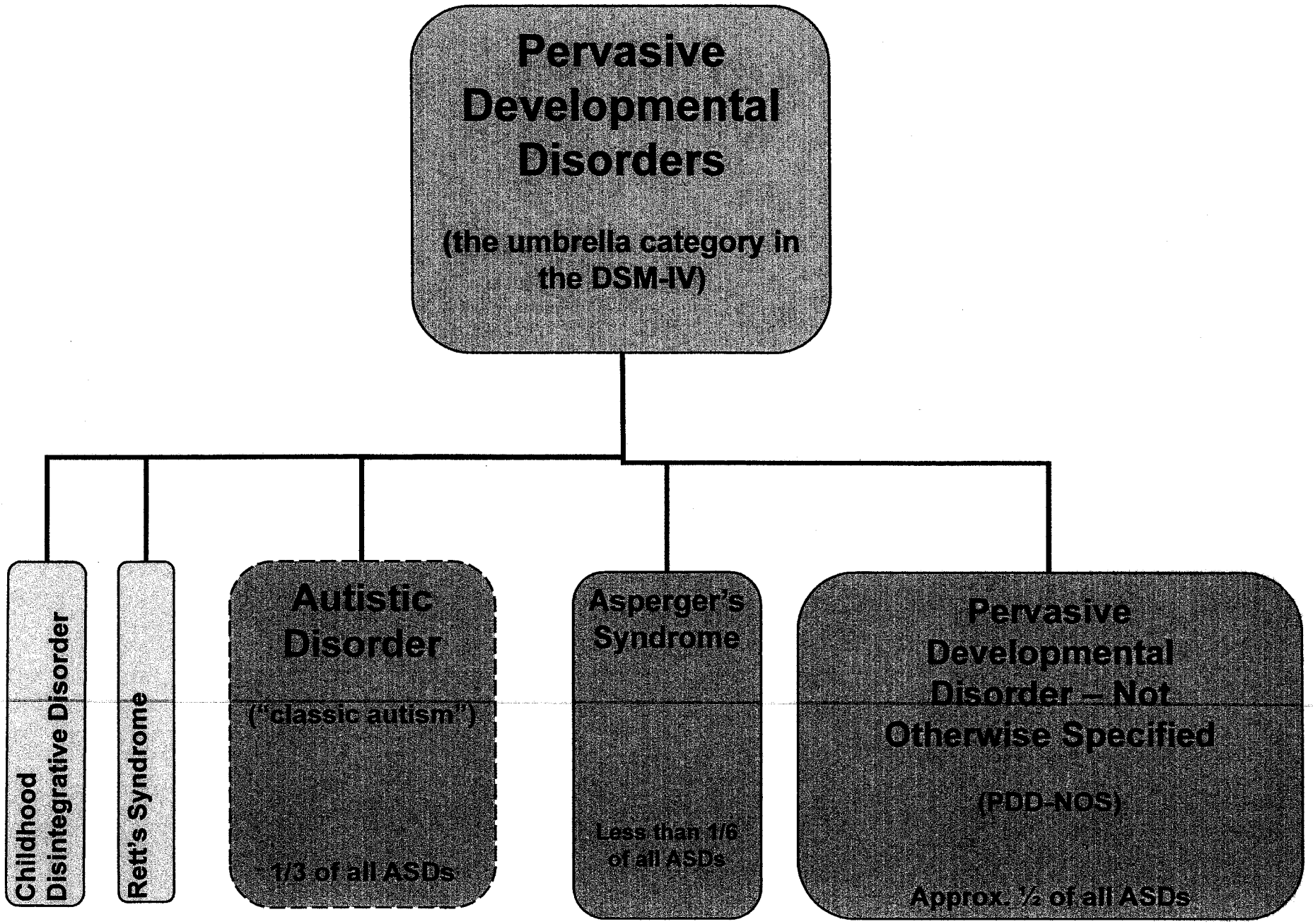
#9: Does this bill take away the insurers' ability to use cost-control mechanisms? No. The bill neither indicates that insurers may not use their normal cost-control measures nor is it the intent of the autism community to remove their ability to do so. We are not asking for special treatment here; we are asking for equal treatment. We are asking to be treated equally in that insurance should cover the standard, well-accepted treatment for autism, just as it covers standard, accepted treatments for other diseases. But we're not asking to get out of deductibles, copayments, or even other typical cost-control mechanisms like coordination of benefits, restrictions on family members providing service, or reviews for medical necessity. (See treatment review clause).

SUM UP

I was a law professor for 7 years, and I spent much of that time thinking about this issue and how best to resolve it. [Medicaid? Education? May all have role to play and they're trying. But it is insurance industry that is most not doing its part. Getting off the hook scot-free and not paying its fair share of the burden]. After years of examining the issue, I've yet to come up with a better solution than what is being proposed here.

Finally, I would ask you to pass this bill because it is simply the right thing to do. I hear so many people complain about paying taxes and griping about how high taxes are. It is my dream for my son that someday he may get to pay taxes.

Thank you for taking the first step toward giving Montana children the treatment that kids in other states are now getting by voting this bill out of committee.


Pervasive Developmental Disorders
(the umbrella category in the DSM-IV)
Childhood Disintegrative Disorder
Rett's Syndrome
Autistic Disorder
("classic autism")
1/3 of all ASDs
Asperger's Syndrome
Less than 1/6 of all ASDs
Pervasive Developmental Disorder – Not Otherwise Specified
(PDD-NOS)
Approx. ½ of all ASDs

CIGNA HEALTHCARE COVERAGE POSITION

CIGNA

Subject **Autism Spectrum Disorders/Pervasive Developmental Disorders: Assessment and Treatment**

Revised Date **4/15/2007**
Original Effective Date **4/15/2006**
Coverage Position Number **0447**

Table of Contents

Hyperlink to Related Coverage Positions

Chelation Therapy
Cognitive Rehabilitation
Complementary and Alternative Medicine
Genetic Counseling
Genetic Testing
Hyperbaric Oxygen Therapy
Magnetoencephalography (MEG)
Neuropsychological Testing
Nuclear Imaging including Single-Photon Emission Computed Tomography (SPECT)
Nutritional Counseling
Occupational Therapy
Preimplantation Genetic Diagnosis
Secretin Acetate (Secreflo™)
Sensory and Auditory Integration Therapy—Facilitated Communication
Speech Generating Devices
Speech/ Language Therapy
Vision Therapy/Orthoptics

INSTRUCTIONS FOR USE

*Coverage Positions are intended to supplement certain **standard** CIGNA HealthCare benefit plans. Please note, the terms of a participant's particular benefit plan document [Group Service Agreement (GSA), Evidence of Coverage, Certificate of Coverage, Summary Plan Description (SPD) or similar plan document] may differ significantly from the standard benefit plans upon which these Coverage Positions are based. For example, a participant's benefit plan document may contain a specific exclusion related to a topic addressed in a Coverage Position. In the event of a conflict, a participant's benefit plan document **always supercedes** the information in the Coverage Positions. In the absence of a controlling federal or state coverage mandate, benefits are ultimately determined by the terms of the applicable benefit plan document. Coverage determinations in each specific instance require consideration of 1) the terms of the applicable group benefit plan document in effect on the date of service; 2) any applicable laws/regulations; 3) any relevant collateral source materials including Coverage Positions and; 4) the specific facts of the particular situation. Coverage Positions relate exclusively to the administration of health benefit plans. Coverage Positions are not recommendations for treatment and should never be used as treatment guidelines.*

Coverage Position

Some CIGNA HealthCare benefit plans specifically exclude therapy for learning disabilities, developmental delays, autism, and mental retardation or for that which is not restorative in nature. Please refer to the applicable CIGNA HealthCare benefit plan document to determine terms and conditions of coverage. Coverage for treatment of autism spectrum disorders (ASD) may also be mandated by state and/or federal mandates.

Services provided by a psychiatrist, psychologist or other behavioral health professionals are subject to the provisions of the applicable behavioral health benefit.

Assessment and treatment for comorbid behavioral health and/or medical diagnoses and associated symptoms and/or conditions may be covered under applicable CIGNA HealthCare medical and behavioral health benefit plans.

When not otherwise excluded, CIGNA HealthCare covers medically necessary services for the treatment of autism spectrum disorders (ASD) when the criteria of the Diagnostic and Statistical Manual of Mental Health Disorders, Fourth Edition, Text Revision (DSM-IV-TR) are met.

Please refer to the CIGNA HealthCare Coverage Positions on Speech/Language Therapy, Occupational Therapy and Physical Therapy for specific coverage criteria for these therapies.

Services that are considered primarily educational or training in nature or related to improving academic or work performance are not covered under most CIGNA HealthCare benefit plans. CIGNA HealthCare does not cover the following services for the assessment and/or treatment of ASD because they are primarily educational and training in nature (this list may not be all-inclusive):

- education and achievement testing
- educational intervention (e.g., classroom environmental manipulation, academic skills training and parental training)

CIGNA HealthCare does not cover the following procedures/services for the assessment and/or treatment of ASD because they are considered experimental, investigational or unproven for this indication (these lists may not be all-inclusive):

Assessment:

- allergy testing (e.g., food allergies for gluten, casein, candida, molds)
- celiac antibodies testing
- erythrocyte glutathione peroxidase studies
- event-related potentials (i.e., evoked potential studies)
- hair analysis
- immunologic or neurochemical abnormalities testing
- intestinal permeability studies
- magnetoencephalography (MEG)
- micronutrient testing (e.g., vitamin level)
- mitochondrial disorders testing (e.g., lactate and pyruvate)
- neuropsychological testing
- stool analysis
- thyroid function testing
- urinary peptides testing

Treatment:

- auditory integration therapy
- augmentative communication devices
- chelation therapy
- cognitive behavioral therapy
- cognitive rehabilitation
- craniosacral therapy
- dietary and nutritional interventions (e.g., elimination diets, vitamins)
- facilitated communication
- hyperbaric oxygen therapy
- intensive intervention programs for autism (e.g., Lovaas therapy, applied behavior analysis [ABA])
- immune globulin therapy

BCBS Medical Policy

Subject: Treatment of Autism, Asperger's Syndrome, Rett Syndrome, Childhood Disintegrative Disorder, and Pervasive Developmental Disorder Not Otherwise Specified (NOS)

Policy #: BEH.00004 Current Effective Date: 08/23/2007

Status: Revised Last Review Date: 08/23/2007

Description/Scope

This policy addresses a wide variety of pharmacotherapeutic, behavioral, educational, medical, and rehabilitative treatments and therapies used to treat Autism, Asperger's Syndrome, Rett Syndrome, Childhood Disintegrative Disorder, and Pervasive Developmental Disorder (NOS).

* * *

Medically Necessary:

Pharmacotherapy for management of comorbidities related to autism, Asperger's syndrome, Rett syndrome, childhood disintegrative disorder and pervasive developmental disorder not otherwise specified (NOS) is considered medically necessary when required for the treatment of mood disorders or other conditions where the potential for patients to harm themselves or others is present, or when such treatment would otherwise be considered medically necessary.

Behavior modification for management of behavioral symptoms related to autism, Asperger's syndrome, Rett syndrome, childhood disintegrative disorder and pervasive developmental disorder not otherwise specified (NOS) is considered medically necessary when required for the management of behaviors where the potential for patients to harm themselves or others is present, or when such treatment would otherwise be considered medically necessary.

Interventions to improve verbal and nonverbal communication skills for patients with autism, Asperger's syndrome, Rett syndrome, childhood disintegrative disorder and pervasive developmental disorder not otherwise specified (NOS) are considered medically necessary.

Physical and occupational therapy for comorbid physical impairments in patients with autism, Asperger's syndrome, Rett syndrome, childhood disintegrative disorder and pervasive developmental disorder not otherwise specified (NOS) is considered medically necessary when such treatment would otherwise be considered medically necessary.

Medical therapy or psychotherapy, as indicated for comorbid medical or psychological conditions is considered medically necessary when such treatment would otherwise be considered medically necessary.

Investigational/Not Medically Necessary:

The following treatments or therapies are considered investigational/not medically necessary for the treatment of autism. Asperger's syndrome, Rett syndrome, childhood disintegrative disorder and pervasive developmental disorder not otherwise specified (NOS):

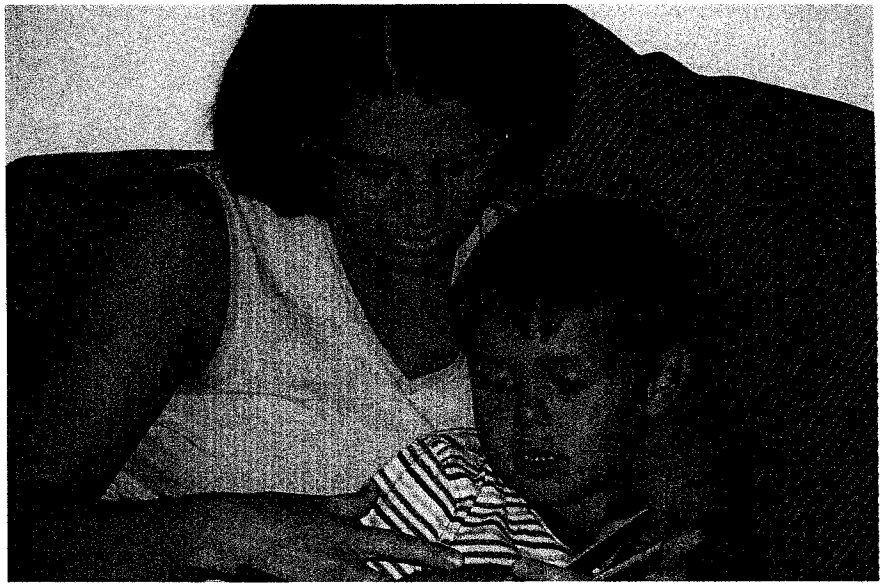
* * *

Lovaas therapy (also known as applied behavior analysis (ABA), intensive behavioral intervention (IBI), discrete trial training, early intensive behavioral intervention (EIBI), or intensive intervention programs)

* * *

Applied Behavior Analysis: A Sample Program

- Consultant
  - Highly educated and trained
  - Board certified
  - Evaluates, designs, trains
  - 3-6 hours per month



- Mid-level supervisor (lead therapist)
  - Highly educated and trained
  - May be board certified
  - Updates programming; trains; oversees
  - 6 hours per week

- Line therapists
  - May be college students, trained by above
  - Provide 40 hours per week of direct therapy, usually in 3-hour shifts

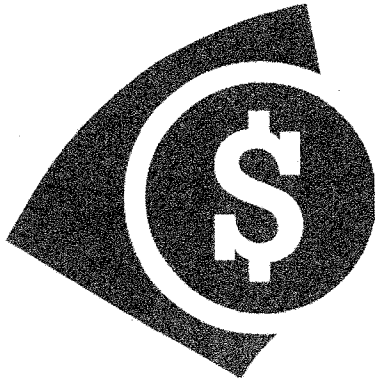
Applied Behavior Analysis: Cost of a Sample Program

- Consultant
  - 3-6 hours per month
  - $100-$150/hour
  - 6 hours x $150 = $900/month
  - $900 x 12 months = **$10,800**

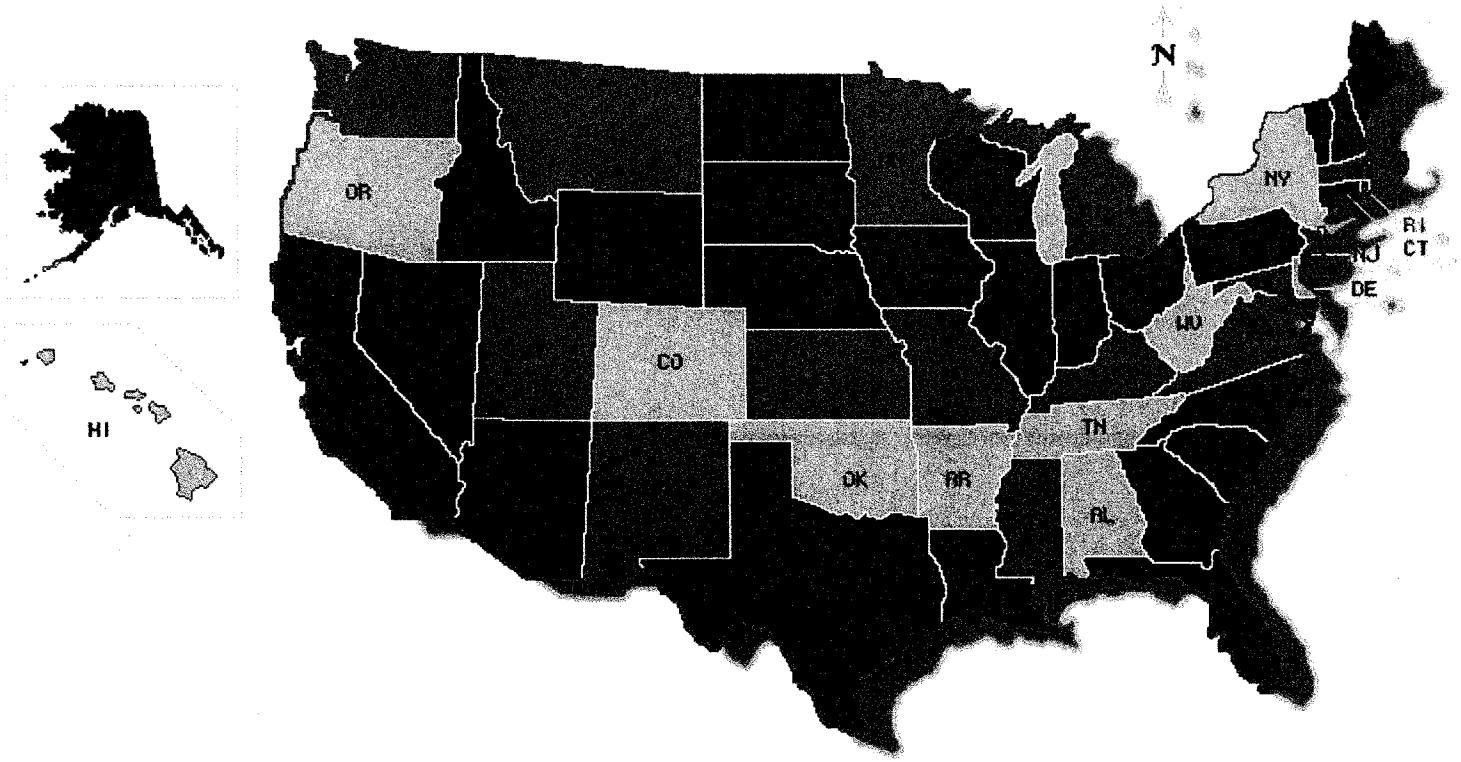
- Mid-level supervisor (lead therapist)
  - 6 hours per week
  - $30-$60/hour
  - 6 hours x $60 = $360/week
  - $360/week x 52 weeks = **$18,720**

- Line therapists
  - 40 hours per week
  - $10 - $20/hour
  - 40 hours x $20 = $800/week
  - $800/week x 52 weeks = **$41,600**

- $10,800 + $18,720 + $41,600 = **$71,120**



States with Autism Insurance Reform



2001 – Indiana

2001 – Minnesota**

2007 – South Carolina

2007 – Texas

2008 – Arizona (March)

2008 – Florida (May)

2008 – Louisiana (June)

2008 – Pennsylvania (July)

2008 – Illinois (December)

Green – Passed; Blue – No bill drafted;
All other colors – Bill introduced or under development.
Current January 2009.

Excerpt from 2008 Report of Council of Affordable Health Insurance: "Health Insurance Mandates in the States"

BENEFITS:	Est. Cost	#
Alcoholism	1-3%	45
Autism	<1%	11
Contraceptives	1-3%	31
In Vitro Fert.	3-5%	13
Prescriptions	5-10%	2

Available at www.CAHI.org.

The Council for Affordable Health Insurance is a research and advocacy association of insurance carriers active in the small group, individual, HSA, and senior markets. CAHI is an active advocate for market-oriented solutions to the problems in America's health

Indiana Code 27-8-14.2

Chapter 14.2. Insurance Coverage for Pervasive Developmental Disorders

IC 27-8-14.2-1

"Accident and sickness insurance policy" defined

Sec. 1. (a) As used in this chapter, "accident and sickness insurance policy" means an insurance policy that provides one (1) or more of the types of insurance described in IC 27-1-5-1, classes 1(b) and 2(a).

(b) The term does not include the following:

(1) Accident only, credit, dental, vision, Medicare supplement, long term care, or disability income insurance.

(2) Coverage issued as a supplement to liability insurance.

(3) Worker's compensation or similar insurance.

(4) Automobile medical payment insurance.

(5) A specified disease policy.

(6) A short term insurance plan that:

(A) may not be renewed; and

(B) has a duration of not more than six (6) months.

(7) A policy that provides indemnity benefits not based on any expense incurred requirement, including a plan that provides coverage for:

(A) hospital confinement, critical illness, or intensive care; or

(B) gaps for deductibles or copayments.

(8) A supplemental plan that always pays in addition to other coverage.

(9) A student health plan.

(10) An employer sponsored health benefit plan that is:

(A) provided to individuals who are eligible for Medicare; and

(B) not marketed as, or held out to be, a Medicare supplement policy.

IC 27-8-14.2-2

"Insured" defined

Sec. 2. As used in this chapter, "insured" means an individual who is entitled to coverage under a policy of accident and sickness insurance.

IC 27-8-14.2-3

"Pervasive developmental disorder" defined

Sec. 3. As used in this chapter, "pervasive developmental disorder" means a neurological condition, including Asperger's syndrome and autism, as defined in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders of the American Psychiatric Association.

IC 27-8-14.2-4

Group coverage required

Sec. 4. (a) An accident and sickness insurance policy that is issued on a group basis must provide coverage for the treatment of a pervasive developmental disorder of an insured. Coverage provided under this section is limited to treatment that is prescribed by the insured's treating physician in accordance with a treatment plan. An insurer may not deny or refuse to issue coverage on, refuse to contract with, or refuse to renew, refuse to reissue, or otherwise terminate or restrict coverage on an individual under an insurance policy solely because the individual is diagnosed with a pervasive developmental disorder.

(b) The coverage required under this section may not be subject to dollar limits, deductibles, or coinsurance provisions that are less favorable to an insured than the dollar limits, deductibles, or coinsurance provisions that apply to physical illness generally under the accident and sickness insurance policy.

IC 27-8-14.2-5

Individual coverage required

Sec. 5. (a) An insurer that issues an accident and sickness insurance policy on an individual basis must offer to provide coverage for the treatment of a pervasive developmental disorder of an insured. Coverage provided under this section is limited to treatment that is prescribed by the insured's treating physician in accordance with a treatment plan. An insurer may not deny or refuse to issue coverage on, refuse to contract with, or refuse to renew, refuse to reissue, or otherwise terminate or restrict coverage on an individual under an insurance policy solely because the individual is diagnosed with a pervasive developmental disorder.

(b) The coverage that must be offered under this section may not be subject to dollar limits, deductibles, or coinsurance provisions that are less favorable to an insured than the dollar limits, deductibles, or coinsurance provisions that apply to physical illness generally under the accident and sickness insurance policy.

As added by P.L.148-2001.

APS HEALTHCARE
Healthy Together

State of South Carolina
State Health Plan Autism Spectrum Disorder Benefit

Effective with the 2009 Plan Year, the State Health Plan began covering Applied Behavior Analysis (ABA) for children diagnosed with an Autism Spectrum Disorder. The Employee Insurance Program (EIP) asked APS Healthcare to develop guidelines for administering the new benefit. Just like other services covered by APS for behavioral health diagnoses, the new Autism Spectrum Disorder (ASD) benefit services must be pre-authorized as medically necessary by APS, and providers must be contracted with APS as in-network providers. Only ABA providers fully certified by the Behavior Analyst Certification Board will be part of the network and be able to file claims for ABA services. All reimbursements for ABA services will be made by APS directly to ABA providers.

Board Certified Behavior Analysts (BCBA's) contracted with APS must provide direct supervision to their staff, including Board Certified Associate Behavior Analysts and/or any non-certified ABA therapists. Direct supervision includes the observation and oversight of the delivery of "hands on" ABA therapy by behavioral therapy staff.

The new benefit became effective on **January 1, 2009.** Following is a summary of requirements for coverage under the new benefit:

Eligibility Requirements:

1) Member must be covered by the State Health Plan and under sixteen (16) years of age with no pre-existing condition exclusions.
2) Member must be diagnosed by age eight (8) with Autistic Disorder, Asperger's Disorder or Pervasive Developmental Disorder Not Otherwise Specified by a Physician or Certified Registered Nurse Practitioner.
3) Diagnosis by age 8 must be confirmed by the following diagnosis-specific tests/screening tools:
    a. Autistic Disorder using one of the following:
        1. Checklist for Autism in Toddlers (CHAT); or
        2. Modified Checklist for Autism in Toddlers (M-CHAT); or
        3. Screening Tool for Autism in Two-Year Olds (STAT); or
        4. Social Communication Questionnaire (SCQ) (recommended for children four-years of age or older).
    b. Asperger's Syndrome using one of the following (recommended for school-age children):
        1. Autism Spectrum Screening Questionnaire (ASSQ); or
        2. Childhood Asperger Syndrome Test (CAST); or
        3. Krug Asperger's Disorder Index (KADI).
    c. Pervasive Development Disorder, NOS using the following:
        1. One of the previously mentioned tools to rule out Autism and Asperger's; and
        2. DSM-IV Diagnostic Criteria/Pervasive Developmental Disorder Not Otherwise Specified (PDD-NOS).

4) Member must be evaluated by an appropriate diagnostician to rule out the following as a sole explanation for symptoms of Autism Spectrum Disorder:
    a. Neurological Disorder (must be by an MD),
    b. Lead Poisoning (must be by an MD),
    c. Primary Speech Disorder, and
    d. Primary Hearing Disorder.

5) Member must be evaluated by a licensed Psychologist within the last 6 months for current validation of the ASD Diagnosis, using:
    a. Autism Diagnostic Observation Schedule (ADOS); or
    b. Autism Diagnostic Interview (ADI-R); or
    c. Childhood Autism Rating Scale (CARS); or
    d. A DSM-IV Diagnostic Criteria which validates one of the three ASD diagnoses.

Medical Necessity Authorization:

Medical necessity authorizations for services to be covered under the State Health Plan ABA benefit must be requested by ABA providers contracted with APS. Before providers initiate the authorization procedure, they may call APS to confirm that the member is in fact covered by the State Health Plan. (Providers will want to make sure the member is not covered under the other State Employee Plans, which are HMO's BlueChoice and CIGNA.) Providers may also obtain information on coverage specifics from APS, such as member's deductible and benefit plan. Most members have a "Standard Plan" with yearly deductible of $350 and reimbursement at 80% of contracted network fees, up to an out-of-pocket maximum of $2000. After the out-of-pocket maximum is reached, reimbursement is 100% of network fees through the end of the year. A small number of members have the "Savings Plan" (identified on their ID card) which has a deductible of $3000.

APS will advise the provider of authorization details, and letters will be sent to the provider and to the member/parents. All services under this benefit must be rendered on or after January 1, 2009.

All documentation of eligibility requirements must be submitted by the ABA provider to APS for review for authorization. The first authorization will be for an initial assessment by the ABA provider for the purpose of development of the ABA Treatment Plan. After the initial assessment takes place and the ABA Treatment Plan is finalized, the ABA provider will request authorization from APS for parent/primary caregiver training and for recommended ABA therapy in six month increments.

Contracted providers will file claims to APS for ABA services, and reimbursement will be made directly to ABA providers in accordance with pre-authorization(s). Reimbursement to ABA providers will be at contracted network fees, minus deductibles and coinsurance. ABA providers may ask for payment of patient liability (deductible and 20% co-insurance) at the time of service. APS reimbursement will be limited to $50,000 for total ABA services per member per year, in accordance with medical necessity authorizations.

Medical Necessity Criteria:

1) In order for services to be considered medically necessary they must:
    a. Be for the purpose of diagnosis or assessment or treatment;
    b. Be identified as part of a written Treatment Plan;
    c. Include therapeutic goals which address cognition, behavior, communication, or social interaction skills;
    d. Be directed by a provider credentialed by and contracted with APS Healthcare;
    e. Meet all of the following:
        1. Be able to be coordinated with the member's Individualized Educational Program (IEP) if applicable;
        2. Have a specific plan for generalization to the member's home environment;
        3. Target observable, recordable, and measurable behaviors;
    f. Be implemented by trained behavioral staff.

2) In order for previously authorized services to be considered medically necessary on an ongoing basis they must:
    a. Demonstrate documented improvement over baseline and most recent measurement of targeted behaviors; and
    b. Begin being provided within sixty (60) days of being authorized; and
    c. Be provided with at least sixty percent (60%) of the frequency indicated in the written Treatment Plan; and
    d. Demonstrate that the parents/primary caregivers have been trained in all interventions identified in the written Treatment Plan, and actively involved in the member's Treatment Plan as evidenced by attendance at all team meetings and being present at scheduled therapy sessions to the extent recommended by the BCBA provider. The written Treatment Plan must include a section outlining a plan for parental/primary caregiver participation.

Questions may be directed to State of South Carolina APS Customer Service at 800-221-8699.

Revised 1/06/09

APS HEALTHCARE
Healthy Together

EXHIBIT 1
FEE SCHEDULE – Autism Spectrum Disorder Program
Under Utilization Management Products (South Carolina State Health Plan)

I. FEES

ABA is a covered benefit when provided and directed by a credentialed and contracted APS provider. Services eligible for reimbursement include periodic evaluation of the member, development of a written treatment plan, oversight of the written treatment plan, direct supervision, training of parents/primary caregivers to implement services in accordance with the treatment plan, and "hands on" or "line" therapy ABA services provided by behavioral health staff under the direction of the authorized BCBA provider.

APS will not pay for "hands on" or "line" therapy ABA services when provided by family members or other individuals who are not APS authorized providers.

Services must be directed and provided by an APS authorized provider on an outpatient basis and rendered in the member's natural environment. This includes services provided at home, at school unless educational in nature, or other locations suitable for the type of services being rendered.

Reimbursement for ABA services will be paid at a per diem rate to the APS provider that is directing the care. The per diem rate is inclusive for all ABA services including oversight, direct supervision, "hands on" or "line" therapy by behavioral staff, parent/caregiver training and periodic treatment plan review.

Reimbursement for ABA services will only be paid directly to an authorized BCBA provider. The BCBA provider is responsible for reimbursing all staff under their supervision.

Reimbursement for assessment for the purpose of development of the initial and annual treatment plan, and reimbursement for training are not included in the per diem rate and may be billed separately.

II. DEFINITIONS

In addition to the definitions set forth in the Agreement, the following definitions shall have the meaning ascribed hereto for the purposes of this Exhibit:

1.1 **"Usual and Customary Billed Charges"** means the reasonable and customary fees charged by Independent Provider which do not exceed the fees Independent Provider would charge any other person regardless of whether the person is a Covered Individual.

1.2 **"Utilization Management Product"** shall refer to Benefit Plans under which Affiliate Payor has contracted with APS solely for access to APS's Utilization Review services and/or network of Participating Providers.

III. REIMBURSEMENT RATE FOR UTILIZATION MANAGEMENT PRODUCTS

Reimbursement for the initial contract period to Independent Provider for Covered Services rendered to Covered Individuals, will be paid in accordance with the terms of this Agreement and the applicable Utilization Management Product, at the fee schedule set forth below, or Independent Provider's Usual and Customary Billed Charges, whichever is lower.

RATE	CPT CODE	DESCRIPTION
$116	99345-initial evaluation	This is the hourly rate for the initial assessment for the purpose of development of the initial treatment plan. Service will be authorized and reimbursed by the hour, with eight (8) hour standard maximum. The number of hours filed will be reflected in the Days/Units field of the claim form, and must correspond to the hours authorized.

$212	99347-initial training	This is the hourly rate for the initial parent/primary caregiver training. Service will be authorized and reimbursed by the hour, with eight (8) hour standard maximum. Exceptions for additional training will be granted on case-by-case basis. The number of hours filed will be reflected in the Days/Units field of the claim form, and must correspond to the hours authorized.
$207	99343	This is the daily rate for ABA services rendered at more than six (6) but not more than eight (8) hours per day, a maximum of five (5) days per week. This rate includes oversight, direct supervision, "hands on" or "line" therapy by behavioral staff, parent/primary caregiver training, and periodic treatment plan review.
$186	99342	This is the daily rate for ABA services rendered at more than five (5) but not more than six (6) hours per day, a maximum of five (5) days per week. This rate includes oversight, direct supervision, "hands-on" or "line" therapy by behavioral staff, parent/primary caregiver training, and periodic treatment plan review.
$165	99341	This is the daily rate for ABA services rendered at more than four (4) but not more than (5) hours per day, a maximum of five (5) days per week. This rate includes oversight, direct supervision, "hands-on" or "line" therapy by behavioral staff, parent/primary caregiver training, and periodic treatment plan review.
$144	99344	This is the daily rate for ABA services rendered at up to four (4) hours per day, a maximum of five (5) days per week. This rate includes oversight, direct supervision, "hands-on" or "line" therapy by behavioral staff, parent/primary caregiver training, and periodic treatment plan review.

CPT codes 99344, 99343, 99342 and 99341 represent four separate levels of care. At the time of authorization for each Covered Individual, the level of care (and corresponding CPT code) will be determined according to the number of treatment hours that are authorized. In order for claims to be reimbursable, they must be filed with the CPT code established at the time of authorization.

II. COMPENSATION PER CLAIM

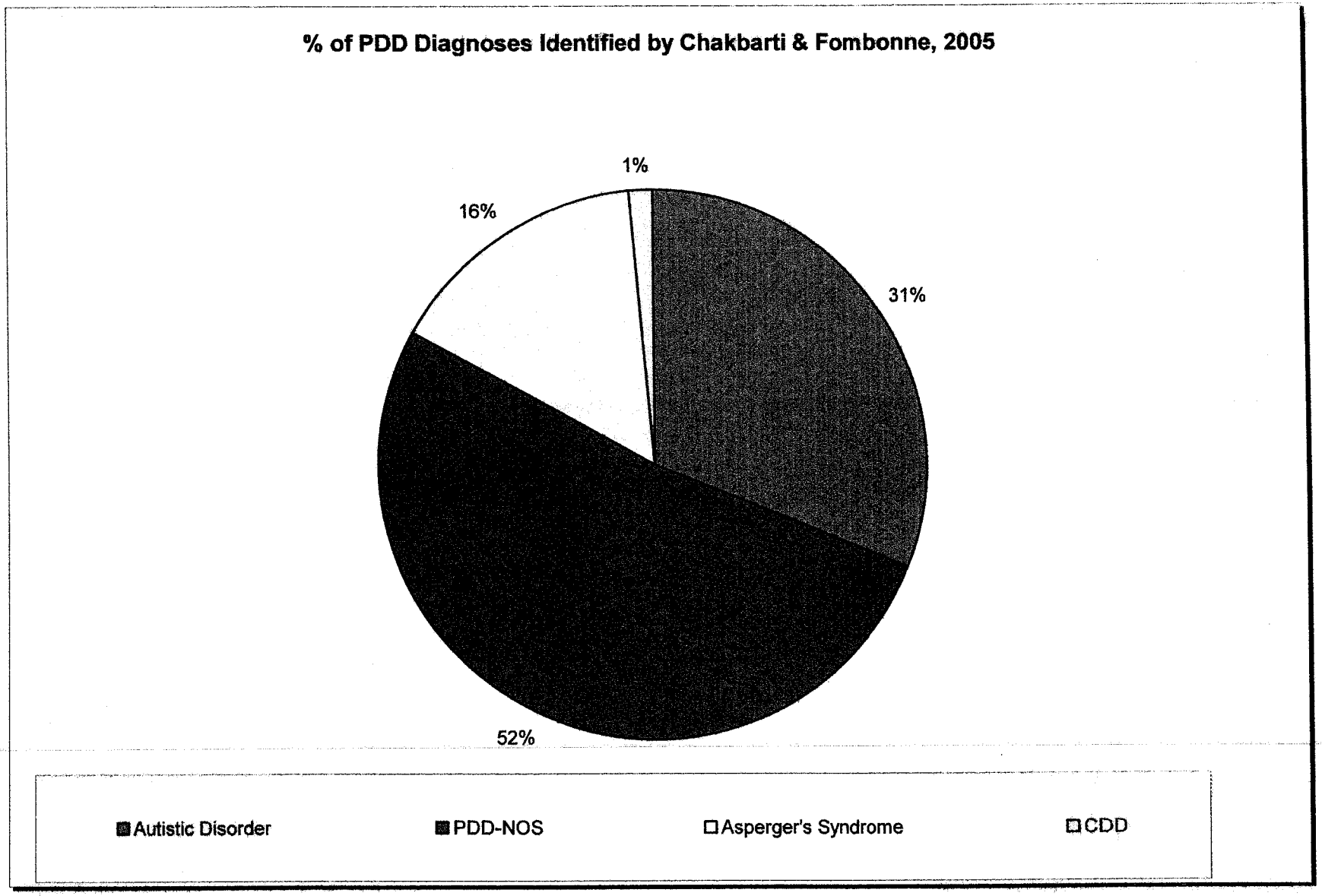
The Compensation Per Claim payable by APS to Independent Provider, subject to the terms of this Agreement, the applicable Benefit Plan and corresponding Coordination of Benefit terms, shall be equal to:

A. The Reimbursement Rate for Utilization Management Products

B. Minus any applicable Copayments, Coinsurance and/or Deductibles

Independent Provider agrees that Covered Individuals shall not be billed for amounts in excess of the Deductibles, Copayments, and/or Coinsurance provided for in Covered Individual's Benefit Plan.

How Many Individuals are Diagnosed with Each Type of PDD?

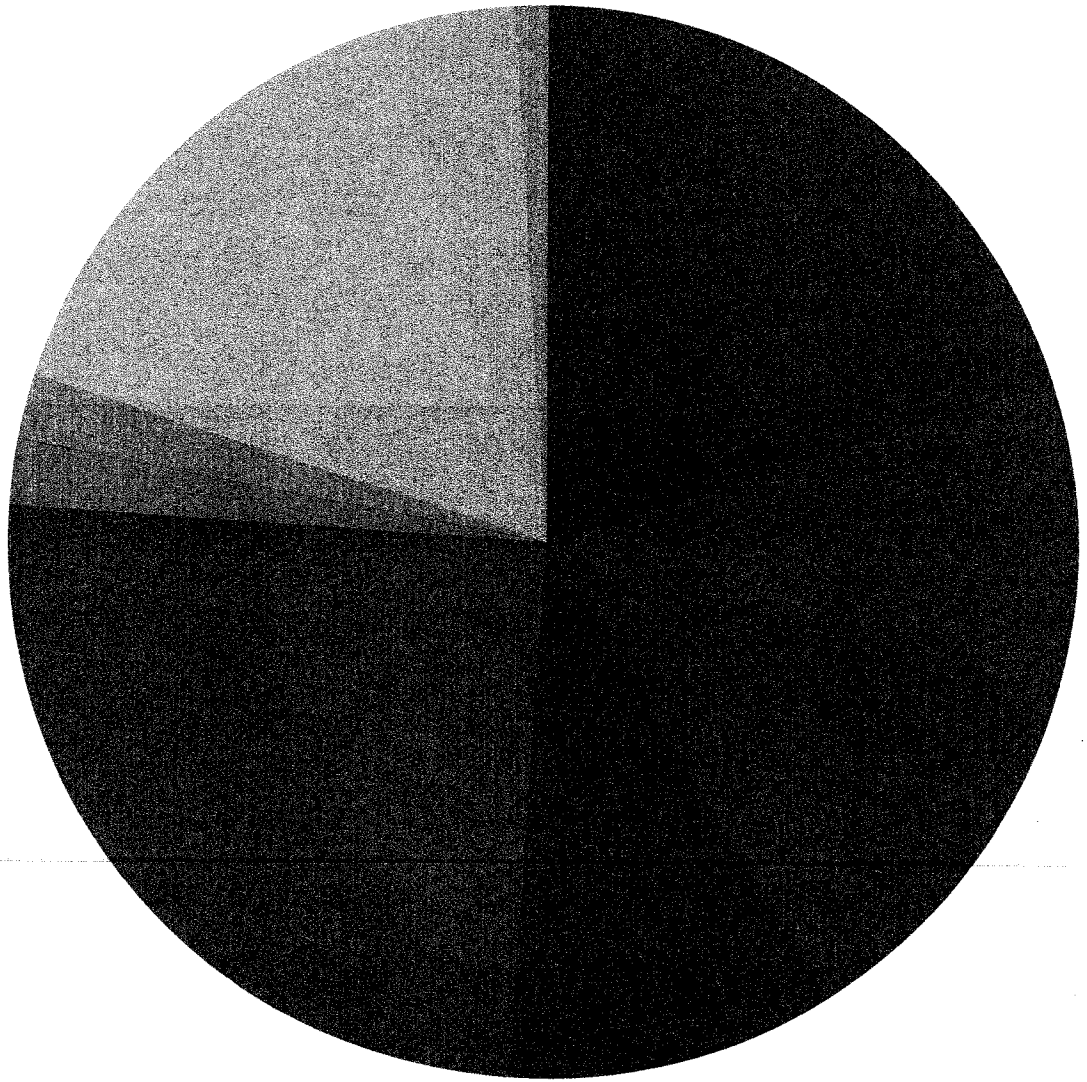


Note: In this study, no individuals with Rett's Disorder were identified, suggesting a prevalence rate of < 1:10,000.

Self-Funded ERISA Plans

- Microsoft
- Home Depot
- Intel
- Arnold & Porter
- Symantec
- Halliburton
- Eli Lilly
- Deloitte
- Ohio State University
- IBM
- Mayo Clinic
- Raytheon
- Symantec
- Lexington Medical Center
- University of Minnesota
- Progressive Group
- Michelin
- Greenville Hospital System

Sources of Health Care Coverage



- Medicaid - 20%
- Medicare - 10%
- Uninsured - 11%
- State Health Plan - 10%
- ERISA - ASO - 25%
- Federal Tricare - 2%
- Federal Civilian - 2%
- Other Insured - Large Group - 15%
- Other Insured - Small Group - 4%
- Other Insured - Individual - 1%